



January 15, 2020

Taylor Eighmy, Ph.D., President
The University of Texas at San Antonio
One UTSA Circle
Main Building, Suite 4.122
San Antonio, Texas 78249

Dear President Eighmy:

We have completed our Independent Auditor's Report on the Application of the Agreed-Upon Procedures for the Department of Intercollegiate Athletics at The University of Texas at San Antonio (UTSA) for the Fiscal Year Ended August 31, 2019. The results of the engagement are detailed in the attached report.

We appreciate the assistance provided by management and staff from UTSA's Department of Intercollegiate Athletics.

Sincerely,

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

cc: Steven Leslie, Ph. D., Executive Vice Chancellor for Academic Affairs, UT System
Lisa Campos, Vice President for Intercollegiate Athletics & Athletic Director, UTSA
Veronica Mendez, Vice President for Business Affairs, UTSA
Mike Bazemore, Executive Senior Associate Athletics Director, UTSA
Sherman Corbett, Associate Athletics Director for Business Operations, UTSA
Paul Tyler, Chief Audit Executive, UTSA

**The University of Texas at San Antonio
Department of Intercollegiate Athletics**

**Independent Auditor's Report on the
Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**



January 2020

**THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 WEST SEVENTH STREET
AUSTIN, TX 78701
(512) 499-4390**



**The University of Texas at San Antonio
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

**INDEPENDENT¹ AUDITOR'S REPORT
ON THE APPLICATION OF AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the President of The University of Texas at San Antonio (UTSA), solely to assist UTSA management in evaluating whether the accompanying Statement of Revenues and Expenses (SRE) of UTSA's Department of Intercollegiate Athletics (Athletics) is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15 for the Fiscal Year ended (FYE) August 31, 2019. UTSA's management is responsible for the SRE and compliance with NCAA requirements.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The following pages outline the required procedures and results. Reportable findings are defined as errors or misclassifications equal to or greater than 1% of total revenues or expenses.

Also attached to this report are the following appendices:

- *Appendix A*, SRE of Athletics for the FYE August 31, 2019;
- *Appendix B*, Observations and Recommendations;
- *Appendix C*, Follow-up on Prior Year's Recommendations;
- *Appendix D*, Notes to the SRE;
- *Appendix E*, Budget to Actual Comparison of Major Revenue and Expense Categories; and
- *Appendix F*, Prior Period Comparison of Major Revenue and Expense Categories.

Minimum Agreed-Upon Procedures for Revenue, Expenses, and Other Reporting Items

- Agree the amounts reported on the SRE to UTSA's general ledger.

Revenues, expenses, and other reporting items reported by Athletics in the SRE materially agreed to the amounts reported in UTSA's general ledger. In addition, there are certain items recorded on the SRE that are not required to be recorded in UTSA's general ledger, in-kind contributions and in-kind amounts from sponsorship agreements. However, the NCAA requires that these items be reported on the SRE to fully reflect the operations of Athletics.

- Perform the following procedures for all revenue and expense categories applicable to the SRE:
 - Compare and agree each operating revenue and expense category reported in the SRE during the reporting period to supporting schedules provided by UTSA. If a specific reporting category is less than 4% of the total revenues, no procedures are required for that specific category.

¹ The NCAA requires this agreed-upon procedures engagement to be conducted by an independent accountant. For purposes of this engagement, the NCAA considers the UT System Audit Office to be independent.



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- Compare and agree a sample of operating revenue receipts and operating expenses obtained from the above supporting schedules to adequate supporting documentation.
- Compare each major revenue and expense account over 10% of the total revenues/expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.

These procedures were performed for the revenue and expense categories listed below, except for those less than 4.0% of the total revenues or total expenses. If applicable, any material exceptions are noted below under the specific reporting category.

- Identify aspects of UTSA's internal control structure that are unique to the intercollegiate athletics department. Test specific elements of the control environment and accounting systems that (1) are unique to intercollegiate athletics and (2) have not been addressed in connection with the audit of UTSA's financial statements.

No material exceptions were noted as a result of this procedure.

- Identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Agree the amounts reported in the SRE to the organization's general ledger or confirm revenues and expenses directly with a responsible official of the organization.

Affiliated and outside organizations include entities that have a primary purpose which benefits UTSA's Athletic Department and are not under UTSA's accounting control. The Roadrunner Foundation (Foundation) is an exempt charitable non-profit corporation, as defined under Internal Revenue Code section 501(c)(3), whose purpose is to support programs and activities of UTSA athletics.

Minimum Agreed-Upon Procedures for Revenues

Ticket Sales

1. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by UTSA in the SRE and the related attendance figures and recalculate totals.

No material exceptions were noted as a result of this procedure.

Student Fees

2. Compare and agree student fees reported by UTSA in the SRE for the reporting period to student enrollments during the same reporting period and recalculate totals.
3. Obtain documentation of UTSA's methodology for allocating student fees to intercollegiate athletics programs.
4. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to



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count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.

No material exceptions were noted as a result of these procedures.

Direct State or Other Governmental Support

5. Compare direct state or other governmental support recorded by UTSA during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculate totals.

Procedure was not applicable. Athletics did not receive direct state or other governmental support during the reporting period.

Direct Institutional Support

6. Compare the direct institutional support recorded by UTSA during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

No material exceptions were noted as a result of this procedure.

Transfers Back to Institution

7. Compare the transfers back to UTSA with permanent transfers back to institution from the athletics department and recalculate totals.

No material exceptions were noted as a result of this procedure.

Indirect Institutional Support

8. Compare the indirect institutional support recorded by UTSA during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.

*No material exceptions were noted as a result of this procedure. While there were no material differences between the amounts reported in the SRE and the general ledger, it appears that UTSA spent \$673,095.66 in state funds in support of athletic department activities. In Texas, appropriated educational and general funds may not be used for the operation of intercollegiate athletics. See Observation #1 in **Appendix B***

Guarantees

9. Select a sample of settlement reports for away games during the reporting period and agree each selection to UTSA's general ledger and/or the SRE and recalculate totals.
10. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period. Compare and agree each selection to UTSA's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.



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Contributions

11. Obtain and review supporting documentation for any contributions of moneys, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization that constituted 10% or more of all contributions received for intercollegiate athletics during the reporting period and recalculate totals.

Procedure was not applicable. There were no individual contributions of moneys, goods, or services received directly by Athletics from an affiliated or outside organization that constituted 10% or more of all contributions received for Athletics during the reporting period.

In-Kind

12. Compare the in-kind recorded by UTSA during the reporting period with a schedule of in-kind donations and recalculate totals.

Procedure was not applicable. Athletics did not have any in-kind revenues during the reporting period.

Compensation and Benefits Provided by a Third-Party

13. Obtain the summary of revenues from affiliated and outside organizations (Summary) as of the end of the reporting period from UTSA. Select a sample of funds from the Summary and compare and agree each selection to supporting documentation, UTSA's general ledger, and/or the Summary and recalculate totals.

Procedure was not applicable. Athletics did not have any compensation and benefits provided by a third-party during the reporting period.

Media Rights

14. Obtain and inspect agreements to understand UTSA's total media (broadcast, television, radio) rights received by UTSA or through their conference offices as reported in the SRE.
15. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and UTSA's general ledger and recalculate totals.

No material exceptions were noted as a result of these procedures.

NCAA Distributions

16. Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

No material exceptions were noted as a result of this procedure.

Conference Distributions

17. Obtain and inspect agreements related to UTSA's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.
18. Compare and agree the related revenues to UTSA's general ledger and/or the SRE and recalculate totals.



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No material exceptions were noted as a result of these procedures.

Conference Distributions of Bowl Generated Revenue

19. Obtain and inspect agreements related to UTSA's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.
20. Compare and agree the related revenues to UTSA's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.

Program Sales, Concessions, Novelty Sales, and Parking

21. Compare the amount recorded in the revenue reporting category to general ledger detail of program sales, concessions, novelty sales, and parking as well as any other corroborative supporting documents and recalculate totals.

No material exceptions were noted as a result of this procedure.

Royalties, Licensing, Advertisements, and Sponsorships

22. Obtain and inspect agreements related to UTSA's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period for relevant terms and conditions.
23. Compare and agree the related revenues to UTSA's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.

Sports-Camp Revenues

24. Inspect sports-camp contracts between UTSA and persons conducting institutional sports-camps or clinics during the reporting period to obtain documentation of UTSA's methodology for recording revenues from sports-camps.
25. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to UTSA's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.

Athletics Restricted Endowment and Investment Income

26. Obtain and inspect endowment agreements for relevant terms and conditions.
27. Compare and agree the classification and use of endowments and investment income reported in the SRE during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

No material exceptions were noted as a result of these procedures.



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Other Operating Revenue

28. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.

No material exceptions were noted as a result of this procedure.

Bowl Revenues

29. Obtain and inspect agreements related to UTSA's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant terms and conditions.
30. Compare and agree the related revenues to UTSA's general ledger and/or the SRE and recalculate totals.

Procedures were not applicable. Athletics did not have any bowl revenues during the reporting period.

Minimum Agreed-Upon Procedures for Expenses

Athletic Student Aid

31. Select a sample of students from the listing of institutional student aid recipients during the reporting period.
32. Obtain individual student account detail for each selection and compare the total aid in UTSA's student system to the student's detail in UTSA's report that ties directly to the NCAA Membership Financial Reporting System.
33. Perform a check of each student selected to ensure their information was reported accurately in the NCAA Membership Financial Reporting System.
34. Recalculate totals for each sport and overall.

*No material exceptions were noted as a result of these procedures; however, we identified opportunities to strengthen internal controls. See Observation #2 in **Appendix B**.*

Guarantees

35. Obtain and inspect visiting institution's away-game settlement reports received by UTSA during the reporting period and agree related expenses to UTSA's general ledger and/or the SRE and recalculate totals.
36. Obtain and inspect contractual agreements pertaining to expenses recorded by UTSA from guaranteed contests during the reporting period. Compare and agree related amounts expensed by UTSA during the reporting period to UTSA's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

37. Obtain and inspect a listing of coaches employed by UTSA and related entities during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing.
38. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by UTSA and related entities in the SRE during the reporting period.



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39. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by UTSA and related entities expense recorded by UTSA in the SRE during the reporting period.
40. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

No material exceptions were noted as a result of these procedures.

Coaching Other Compensation and Benefits Paid by a Third Party

41. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing.
42. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by UTSA in the SRE during the reporting period.
43. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party recorded by UTSA in the SRE during the reporting period and recalculate totals.

Procedure was not applicable. Athletics did not have any compensation and benefits provided by a third-party during the reporting period.

Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities

44. Select a sample of support staff/administrative personnel employed by UTSA and related entities during the reporting period.
45. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree the related payroll summary registers to the related support staff administrative salaries, benefits, and bonuses paid by UTSA and related entities expense recorded by UTSA in the SRE during the reporting period and recalculate totals.

No material exceptions were noted as a result of these procedures.

Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party

46. Select a sample of support staff/administrative personnel employed by third parties during the reporting period.
47. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff administrative other compensation and benefits paid by a third-party recorded by UTSA in the SRE during the reporting period and recalculate totals.

Procedure was not applicable. Athletics did not have any compensation and benefits provided by a third-party during the reporting period.



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Severance Payments

48. Select a sample of employees receiving severance payments by UTSA during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.

Procedure was not applicable. There were no athletic department employees that received severance payments.

Recruiting

49. Obtain documentation of UTSA's recruiting expense policies.
50. Compare and agree to existing institutional- and NCAA-related policies.
51. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

No material exceptions were noted as a result of these procedures.

Team Travel

52. Obtain documentation of UTSA's team travel policies.
53. Compare and agree to existing institutional- and NCAA-related policies.
54. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

No material exceptions were noted as a result of these procedures.

Equipment, Uniforms, and Supplies

55. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Game Expenses

56. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Fund Raising, Marketing, and Promotion

57. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Sports-Camp Expenses

58. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.



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Spirit Groups

59. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Athletic Facility Debt Service, Leases and Rental Fees

60. Obtain a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements).
61. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

No material exceptions were noted as a result of these procedures.

Direct Overhead and Administrative Expenses

62. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Indirect Institutional Support

63. Tested with revenue section - Indirect Institutional Support (see procedure #8).

No material exceptions were noted as a result of this procedure.

Medical Expenses and Medical Insurance

64. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Memberships and Dues

65. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Other Operating Expenses and Transfers to Institution

66. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.



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Student-Athlete Meals (Non-Travel)

67. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Bowl Expenses

68. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Procedure was not applicable. Athletics did not have any bowl expenses during the reporting period.

Additional Minimum Agreed-Upon Procedures

- For Grants-in-Aid: Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to UTA's supporting equivalency calculations. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the supporting equivalency calculations, inquire about the discrepancy and report the justification in the AUP report. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 4%.

No material exceptions were noted as a result of these procedures.

- For Sports Sponsorship: Obtain UTA's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by UTA meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum-contest requirement. Once countable sports have been validated, ensure that UTA has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance.

No material exceptions were noted as a result of these procedures.

- For Pell Grants: Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of UTSA's financial aid records, of all student-athlete Pell Grants. Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission.

*No material exceptions were noted as a result of these procedures; however, we identified opportunities to strengthen internal controls. See Observation #2 in **Appendix B**.*



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- Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 20 grants.

*UTSA reported 143 Pell recipients to the NCAA for FY 2018 and 118 for FY 2019. For FY 2018, UTSA reported 24 more Pell recipients than for FY 2019. Athletics reported the correct number of Pell recipients to the NCAA for FY 2019; however, the FY 2018 submission included Pell recipients who were not student athletes. The correct number for FY 2018 that should have been reported to the NCAA was 126 Pell recipients. See Observation #2 in **Appendix B**.*

Minimum Agreed-Upon Procedures for Other Reporting Items

Excess Transfers to Institution and Conference Realignment Expenses

69. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Procedure was not applicable. Athletics did not have any excess transfers to the institution or conference realignment expenses during the reporting period.

Total Athletics Related Debt

70. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.
71. Agree the total annual maturities and total outstanding athletic debt related to supporting documentation and UTSA's general ledger, as applicable.

No material exceptions were noted as a result of these procedures.

Total Institutional Debt

72. Agree the total outstanding institutional debt to supporting documentation and UTSA's general ledger and/or UTSA's audited financial statements, if available.

No material exceptions were noted as a result of this procedure.

Value of Athletics Dedicated Endowments

73. Obtain a schedule of all athletics dedicated endowments maintained by athletics, UTSA, and affiliated organizations. Agree the fair market value in the schedules to supporting documentation, UTSA's general ledger, and audited financial statements, if available.

No material exceptions were noted as a result of this procedure.

Value of Institutional Endowments

74. Agree the total fair market value of institutional endowments to supporting documentation, UTSA's general ledger, and/or audited financial statements, if available.

No material exceptions were noted as a result of this procedure.



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Total Athletics Related Capital Expenditures

75. Obtain a schedule of athletics related capital expenditures made by athletics, UTSA, and affiliated organizations during the reporting period.
76. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of these procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying SRE of Athletics. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the procedures specified above and does not extend to UTSA's financial statements.

This report is intended solely for the information and use of UTSA management. It is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Handwritten signature of J. Michael Peppers in black ink.

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

Handwritten signature of Eric J. Polonski in black ink.

Eric Polonski, CPA, CIA
Director of Audits



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APPENDIX A
 THE UNIVERSITY OF TEXAS AT SAN ANTONIO DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
 STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

REVENUES	Football	Men's Basketball	Women's Basketball	Baseball	Men's Golf	Women's Golf	Women's Soccer
Operating Revenues:							
1 Ticket Sales	\$ 2,181,909.01	\$ 94,047.59	\$ 8,911.36	\$ 23,990.44			
2 Direct State or Other Government Support							
3 Student Fees							
4 Direct Institutional Support							
5 Transfers to Institution							
6 Indirect Institutional Support							
6A Indirect Institutional Support - Athletic Facilities							
Debt Service, Lease, and Rental Fees							
7 Guarantees	900,000.00	171,600.00	38,500.00	15,500.00			
8 Contributions	2,544,787.04	69,864.78	1,147.00	52,160.13	89,313.65	45,744.05	28,846.35
9 In-Kind							
10 Compensation and Benefits Provided by a Third-Party							
11 Media Rights	318,533.26	79,633.31					
12 NCAA Distributions		91,813.09	91,813.09				
13 Conference Distributions		23,634.83		8,437.50			
13A Conference Distributions of Bowl Generated	795,561.91						
14 Program, Novelty, Parking, and Concessions Sales	321,728.25			180.00	100.00	15.00	887.64
15 Royalties, Licensing, Advertisements, and Sponsorships	219,588.83	50,000.00	40,400.00	13,725.00	5,000.00	5,200.00	20,100.00
16 Sports Camp Revenues	59,476.00	31,907.94	17,765.00	82,034.28			67,830.00
17 Athletics Restricted Endowment and Investment Income		19,012.00	1,635.32	2,974.00	3,288.00	1,558.00	2,266.00
18 Other Operating Revenues	6,045.00	1,250.00		1,500.00	400.00	8,199.99	
19 Bowl Revenues							
TOTAL OPERATING REVENUES	\$ 7,347,629.30	\$ 632,763.54	\$ 200,171.77	\$ 200,501.35	\$ 98,101.65	\$ 60,717.04	\$ 119,929.99
EXPENSES							
Operating Expenses:							
20 Athletic Student Aid	\$ 2,559,747.38	\$ 403,955.23	\$ 423,835.37	\$ 234,610.76	\$ 114,359.41	\$ 155,938.98	\$ 369,394.82
21 Guarantees	175,000.00	25,207.20	25,062.02	16,000.00			
22 Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	3,027,596.08	901,654.74	380,698.01	358,127.90	162,019.45	133,423.73	264,927.31
23 Coaching Other Compensation and Benefits Paid by a Third-Party							
24 Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities	720,005.25	103,748.78	33,926.48				
25 Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party							
26 Severance Payments							
27 Recruiting	416,484.42	143,293.56	65,850.48	29,702.18	2,601.39	6,307.32	33,754.99
28 Team Travel	1,637,315.63	322,452.15	171,097.59	193,501.92	53,271.62	69,676.42	97,975.78
29 Sports Equipment, Uniforms, and Supplies	526,926.45	98,870.23	63,928.54	74,520.06	30,188.53	22,043.49	38,550.87
30 Game Expenses	1,219,231.59	201,419.40	121,064.65	68,109.16	65,334.76	26,631.40	13,096.23
31 Fund Raising, Marketing, and Promotions		2,408.86		1,034.90	1,949.08	1,949.07	
32 Sports Camp Expenses	49,509.56	13,238.56	5,503.01	19,886.67			13,887.01
33 Spirit Groups							
34 Athletic Facilities Debt Service, Leases, and Rental Fees	649,902.00						
35 Direct Overhead and Administrative Expenses	183,643.78	58,304.62	33,453.39	36,525.26	9,291.46	5,300.29	5,460.76
36 Indirect Institutional Support							
37 Medical Expenses and Medical Insurance							
38 Memberships and Dues	10,652.61	3,712.76	1,150.83	190.00	22,355.00	14,796.00	550.00
39 Student-Athlete Meals	191,372.29	15,252.08	11,314.77	36,024.80	1,244.68	1,127.69	18,096.79
40 Other Operating Expenses	80,024.50	18,484.83	7,195.85	7,752.20	3,040.86	5,471.22	22,438.52
41 Bowl Expenses							
TOTAL OPERATING EXPENSES	\$ 11,447,411.54	\$ 2,312,003.00	\$ 1,344,080.99	\$ 1,075,985.81	\$ 465,656.24	\$ 442,665.61	\$ 878,133.08
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	\$ (4,099,782.24)	\$ (1,679,239.46)	\$ (1,143,909.22)	\$ (875,484.46)	\$ (367,554.59)	\$ (381,948.57)	\$ (758,203.09)

(continued)



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APPENDIX A
 THE UNIVERSITY OF TEXAS AT SAN ANTONIO DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
 STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

REVENUES	Softball	Men's Tennis	Women's Tennis	Men's Track	Women's Track	Volleyball	Non-Program Specific	Total
Operating Revenues:								
1 Ticket Sales	\$ 8,316.64					\$ 20,649.98		\$ 2,337,825.02
2 Direct State or Other Government Support								-
3 Student Fees							13,369,716.89	13,369,716.89
4 Direct Institutional Support							6,353,168.95	6,353,168.95
5 Transfers to Institution							(123,715.64)	(123,715.64)
6 Indirect Institutional Support							889,330.00	889,330.00
6A Indirect Institutional Support - Athletic Facilities								
Debt Service, Lease, and Rental Fees								-
7 Guarantees						4,600.00		1,130,200.00
8 Contributions	22,417.89	4,072.27	-	164.89	164.89	5,155.16	481,748.59	3,345,586.69
9 In-Kind								-
10 Compensation and Benefits Provided by a Third-Party								-
11 Media Rights								398,166.57
12 NCAA Distributions							1,275,123.00	1,458,749.18
13 Conference Distributions							42,989.75	75,062.08
13A Conference Distributions of Bowl Generated								795,561.91
14 Program, Novelty, Parking, and Concessions Sales						2,035.00	5,038.86	329,984.75
15 Royalties, Licensing, Advertisements, and Sponsorships	21,600.00	5,000.00	5,000.00	61,200.00	61,300.00	20,000.00	2,133,742.27	2,661,856.10
16 Sports Camp Revenues	33,437.50	33,965.00				90,721.25	17,776.04	434,913.01
17 Athletics Restricted Endowment and Investment Income	11,666.74	2,266.00	1,948.00	650.00	798.00	582.00		48,644.06
18 Other Operating Revenues	19,092.00	650.00		7,840.38	7,840.38	15,000.00	84,872.30	152,690.05
19 Bowl Revenues								-
TOTAL OPERATING REVENUES	\$ 116,530.77	\$ 45,953.27	\$ 6,948.00	\$ 69,855.27	\$ 70,103.27	\$ 158,743.39	\$ 24,529,791.01	\$ 33,657,739.62
EXPENSES								
Operating Expenses:								
20 Athletic Student Aid	\$ 308,050.10	\$ 141,408.28	\$ 168,064.00	\$ 270,538.96	\$ 349,742.50	\$ 340,574.85	\$ 175,587.76	\$ 6,015,808.40
21 Guarantees						1,931.52		243,200.74
22 Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	187,660.35	141,603.52	109,856.91	242,095.40	242,095.40	260,152.19		6,411,910.99
23 Coaching Other Compensation and Benefits Paid by a Third-Party								-
24 Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities							3,815,076.14	4,672,756.65
25 Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party								-
26 Severance Payments								-
27 Recruiting	17,907.54	8,343.78	9,225.82	34,200.91	33,539.41	23,686.15		824,897.95
28 Team Travel	176,890.63	50,114.94	41,986.09	166,751.59	130,695.98	157,121.29		3,268,851.63
29 Sports Equipment, Uniforms, and Supplies	69,364.11	32,753.34	25,789.87	108,889.34	108,531.55	32,583.95		1,232,940.33
30 Game Expenses	24,623.21	4,237.49	3,871.88	19,233.24	17,443.09	24,297.97		1,808,594.07
31 Fund Raising, Marketing, and Promotions							723,643.35	730,985.26
32 Sports Camp Expenses	2,615.50	14,691.19				21,798.07		141,129.57
33 Spirit Groups							108,363.04	108,363.04
34 Athletic Facilities Debt Service, Leases, and Rental Fees							570,619.47	1,220,521.47
35 Direct Overhead and Administrative Expenses	26,996.88	14,094.82	3,747.56	28,992.01	4,026.43	10,417.81	1,597,668.19	2,017,923.26
36 Indirect Institutional Support							889,330.00	889,330.00
37 Medical Expenses and Medical Insurance							851,616.50	851,616.50
38 Memberships and Dues	415.00	200.05	800.00	392.00	308.00	530.00	374,110.63	430,162.88
39 Student-Athlete Meals	7,387.25	4,504.14	2,177.40	17,136.68	15,292.76	7,129.98	14,994.48	343,055.79
40 Other Operating Expenses	5,128.38	13.38	433.72	880.23	745.22	1,539.67	913,309.62	1,066,458.20
41 Bowl Expenses								-
TOTAL OPERATING EXPENSES	\$ 827,038.95	\$ 411,964.93	\$ 365,953.25	\$ 889,110.36	\$ 902,420.34	\$ 881,763.45	\$ 10,034,319.18	\$ 32,278,506.73
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	\$ (710,508.18)	\$ (366,011.66)	\$ (359,005.25)	\$ (819,255.09)	\$ (832,317.07)	\$ (723,020.06)	\$ 14,495,471.83	\$ 1,379,232.89



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**APPENDIX B
OBSERVATIONS AND RECOMMENDATIONS**

The following are our engagement findings, related recommendations, and managements responses.

Observation #1: Use of State Funds for Athletic Advising and Development

Article III, Section 9 of the Special Provisions Relating Only to State Agencies of Higher Education of the General Appropriations Act states, "No educational and general funds appropriated may be used for the operation of intercollegiate athletics." UTSA provides athletic advising services for its student athletes. While the athletic advising function does not report directly to athletics, the services it provides are exclusive to student athletes and are provided in a campus location available only to student athletes. Of the \$435,100.17 expensed from the athletics advising cost center, \$426,709.71 was paid from state funds.

We also identified another cost center, the Athletic Resource Department, whose expenses were not originally included in the SRE. This department performs services on behalf of the Athletics Department. While this department does not report directly to the athletic department, it provides development activities (e.g., fundraising) exclusive to athletics. Employees from this department also work in Athletic Department offices. The total expensed from this department, \$263,133.18, is included in the final SRE. Of this total, \$246,385.95 was paid from state funds.

In total, \$673,095.66 in state funds appears to have spent in support of athletic department activities.

The observation described above is considered a **medium-level** finding in accordance with UT System's Internal Audit finding classification system.

Recommendation #1: Work with the UT System Office of General Counsel to determine whether the current practice in place with respect to athletic advising and athletic development complies with state law. If the current practice does not comply with state law, UTSA should identify an alternative funding source to provide athletic advising and athletic development activities.

Management's Response: *Upon reviewing this observation and the findings, we realized there may have been transitions in roles and responsibilities for the advising and development positions identified as a result of organizational changes with leadership and administration over the areas of Athletics, Academic Advising, Student Affairs and Alumni Development Relations. UTSA will undergo a review of the current roles and responsibilities and align the appropriate funding source as needed. A documented plan will be prepared and agreed to with all areas involved. If applicable, we will confer with the UT System Office of General Counsel to ensure our plan will be in compliance with state law. Budget and Funding adjustments will be initiated retroactively in FY 2020.*

Implementation Date: No later than Fiscal Year End FY 2020, **August 31, 2020.**



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Observation #2: Information Reported to the NCAA

The NCAA has a Revenue Distribution Plan that provides member institutions an opportunity to benefit from various funds, which include, but are not limited to the Grants-in-Aid and Special Assistance Funds. Amounts to be distributed from these funds are based on certain information reported by member institutions, including the number and dollar amount of Pell grants awarded to student athletes and revenue distributions equivalencies. As described by the NCAA in its 2019 Division I Revenue Distribution Plan, "member institutions are responsible to submit accurate data to ensure the integrity of grant funds provided by the NCAA." The NCAA encourages member institutions to use Compliance Assistant to facilitate required membership reporting, and UTSA uses Compliance Assistant for reporting and compliance activities.

We identified certain information reported to the NCAA was not accurate:

- Pell grant information for student athletes initially reported to the NCAA did not agree to information recorded in BANNER, the university's student information system. In addition, the total number of Pell recipients reported to the NCAA in FY 2018 was overstated since it included non-student athlete Pell recipients.
- Pell grant information recorded in Compliance Assistant for student athletes tested did not match Pell amounts in the UTSA Banner Student information system, which includes the actual amounts of Pell grants awarded to student athletes. Information reported to the NCAA is dependent on information recorded in Compliance Assistant.
- Cash awards recorded in Compliance Assistant, in lieu of specified athletic award elements such as tuition, fees, books, room and board, did not agree to actual cash awards recorded in BANNER, which includes the actual cash awarded to student athletes.
- While this did not appear to result in non-compliance with sponsored sports scholarship limits, there were some equivalencies that had not been reported correctly.

Inaccurate information reported to the NCAA can result in inaccurate revenue distributions received. It can also result in inaccurate equivalencies calculated for student athletes when determining specific sport grant-in-aid limits.

Various members of athletic staff, including athletic administrators and coaches, may enter information into Compliance Assistant. However, there does not appear to be a review process in place to ensure that information recorded in Compliance Assistant is accurate and complete.

The observation described above is considered a **low-level** finding in accordance with UT System's Internal Audit finding classification system.

Recommendation #2: Develop a process to review information recorded in Compliance Assistant to ensure that the information reported to the NCAA is accurate and complete. Ideally, this should be done by someone other than the individual entering the information. The Athletics Compliance Office should periodically review the financial aid information entered into Compliance Assistant by the Financial Aid/Registrar's Office to ensure year-end reporting is updated and current. In addition, Athletics should ensure that amounts recorded in Compliance Assistant for Pell grants and cash awards agrees to actual award amounts recorded in BANNER.



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Management's Response: *The Associate AD for Compliance recognizes and agrees that information in BANNER was not consistent with information compiled in Compliance Assistant. With specific reference to Pell grants, the Athletics Compliance Office will work with the Financial Aid/Registrar's Office to implement a plan that will identify Pell grant recipients who are student athletes. This would eliminate the discrepancy between the number of student athletes in Compliance Assistant and BANNER. Additionally, at least as frequently as the end of each semester, the compliance staff will review the financial aid information entered into Compliance Assistant by the Financial Aid/Registrar's Office. This will provide a check to identify any discrepancies in dollar amounts for Pell and cash scholarship awards to student athletes.*

Implementation Date: *Exploration of the new code in BANNER will begin immediately, with the goal of implementation for the 2020-21 academic year. The end of semester checks will begin with the Spring 2020 term.*



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**APPENDIX C
FOLLOW-UP ON PRIOR YEAR'S RECOMMENDATIONS**

The following recommendations have been adequately **IMPLEMENTED**:

Recommendation #1:

- Work with the accounting and/or budget office staff to ensure completeness and accuracy of Direct Institutional Support reported on the SRE.
- Ensure accrued compensable absences paid and associated benefit expenses sourced from non-athletic cost centers are included within the SRE. Athletics should also review its activity and work with accounting and/or budget office staff as necessary to ensure all expenses paid on behalf of athletics from non-athletic cost centers are included in the SRE.

Recommendation #2: Athletics does not control whether its requests are approved and provided to it from other University resources. To this end, we recommend that UTSA management strengthen its budget approval process and ensure that significant budget transfers include evidence of review and approval by appropriate University officials.

Recommendation #3: Implement a process to have an individual, other than the preparer of the Calculation of Revenue Distribution Equivalencies (CRDE) report, review the CRDE report to ensure that it is complete and accurate prior to submission to the NCAA.

Recommendation #4: Develop a process to ensure that sufficient evidence related to the financial aid award agreements between UTSA and its student-athletes is complete and maintained in accordance with the University's records retention policy.

Recommendation #5:

- Ensure that reconciliations between Banner and PeopleSoft are completed in a timely manner.
- Ensure that at least one individual within the athletic department is provided sufficient training to understand the relationship among financial aid award information reported to the NCAA, amounts recorded in Banner, and amount ultimately distributed to and/or paid on behalf of the student-athletes as recorded in PeopleSoft.
- With the most cost-effective solution in mind that ensures appropriate compliance with University and NCAA requirements, consider shifting financial aid reconciliation responsibility from the Office of Institutional Compliance and Risk Services back to the athletic department.

Recommendation #6:

- In preparation of the SRE, develop a process to ensure all transactions recorded in athletic cost centers are captured and accounted for. Athletics should consider requesting that Accounting Services prepare a trial balance for athletic department cost centers and work with that trial balance to ensure completeness and accuracy when preparing the SRE. Athletics should also consider working with management to develop and/or requesting assistance to create a customized PeopleSoft query that could build a draft SRE that would include initial classification and reporting of amounts to the various SRE categories.



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- UTSA should not expend unspent donor funds to provide temporary funding support for activities not intended by the donor.
- UTSA should restore funds to the Greehey football scholarship cost center that were not spent in accordance with the donor's intent.
- If a donor agreement has not yet been formally executed, UTSA should work with The Greehey Family Foundation to develop and execute an agreement that clearly defines what donated funds may be expended upon.

Recommendation #7: UTSA should work with the Roadrunner Foundation (RRF) to adopt practices to strengthen internal controls for activities conducted by the RRF and on behalf of the University, and UTSA should consider providing enhanced administrative support to do so. UTSA should request and retain copies of invoices or other adequate supporting documentation to validate expenses by the RRF on behalf of Athletics. UTSA should also provide NCAA compliance training or applicable NCAA compliance information to members of the RRF to ensure that RRF members understand their responsibilities as representatives of Athletics' interests. Lastly, UTSA should also work with the RRF to ensure that the terms of the Memorandum of Understanding are being met as agreed to and/or determine whether the terms of the agreement need to be modified as appropriate.



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**APPENDIX D
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES**

NOTE 1 – Presentation of the Statement of Revenues and Expenses

The SRE is prepared in accordance with the NCAA financial reporting guidelines. Information used in the SRE’s preparation is obtained primarily from subsidiary ledger information recorded in UTSA’s financial accounting system. Other information, such as amounts estimated for non-cash trade-out agreements and gifts-in-kind, is obtained from records maintained by the Athletics Department and the Office of Accounting. The SRE presents activity for fiscal year 2019. UTSA’s fiscal year is the period beginning each September 1st and ending each August 31st of the subsequent calendar year.

NOTE 2 – Contributions Constituting More than 10% of All Contributions

There were no individual contributions of moneys, goods, or services received directly by Athletics from an affiliated or outside organization that constituted 10% or more of all contributions received for Athletics during the reporting period.

NOTE 3 – Capital Assets

Athletics acquires, approves, depreciates, and disposes assets in accordance with UTSA institutional policy as follows:

- Acquisition – Athletics acquires capital assets through the normal process at the institution. All purchases are centralized and are to be made using the method that provides the best value to UTSA. Informal quotes are required for purchases above \$15,000, and competitive bidding is required for all assets above \$50,000. The capitalization threshold is \$5,000.
- Approval – Requests made for debt-financed capital assets are approved by the Senior Vice President for Business Affairs.
- Depreciation – Depreciation is allocated to Athletics based on the assets, or portions of real-assets, under the control of Athletics. Depreciation is calculated on a straight-line basis.
- Disposal – Disposal of capital assets must be done in accordance with State of Texas law and institutional policy.

NOTE 4 – Other Reporting Items

Category	Amount
Excess Transfers to Institution	\$0.00
Conference Realignment Expenses	Not Applicable
Total Athletics Related Debt	\$1,573,000.00
Total Institutional Debt	\$307,334,732.75
Value of Athletics Dedicated Endowments	\$994,845.66
Value of Institutional Endowments	\$171,801,294.16
Total Athletics Related Capital Expenditures	\$31,562.00



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NOTE 5 – Future Debt Repayment Schedule

UTSA receives proceeds from bonds issued and held by UT System to support capital projects of UT System and its institutions. All bonds issued by the UT System are defined as revenue bonds. As such, the revenues of all UT System institutions, including UTSA, are pledged for repayment of the bonds. No amount of indebtedness related to these bonds has been recorded on UTSA’s financial statements. As of August 31, 2019, UTSA had no Athletics outstanding debt-related revenue bonds issued by UT System.

UTSA also receives proceeds from commercial paper issued and held by UT System to support capital equipment financing. The revenues of all UT System institutions, including UTSA, are pledged for repayment of the commercial paper. No amount of indebtedness related to the commercial paper has been recorded on UTSA’s financial statements.

As of August 31, 2019, UTSA (through UT System) had outstanding commercial paper related to Athletics totaling \$ 1,573,000.00. Debt service requirements to maturity for this outstanding debt are summarized as follows:

Fiscal Year		Principal	Interest*	Total
2020	\$	259,000.00	36,887.50	295,887.50
2021		259,000.00	33,474.38	292,474.38
2022		260,000.00	26,331.26	286,331.26
2023		261,000.00	19,181.26	280,181.26
2024		264,000.00	11,962.50	275,962.50
2025		215,000.00	4,860.63	219,860.63
2026		55,000.00	914.39	55,914.39
Total Requirements	\$	1,573,000.00	133,611.92	1,706,611.92

* Interest on commercial paper is variable. Interest rate is based on forecast rates and is assumed to be 2.50% in FY20, and 2.75% in FY21 and beyond.



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APPENDIX E

BUDGET TO ACTUAL COMPARISON OF MAJOR REVENUE AND EXPENSE CATEGORIES

Revenues

Amounts for each major SRE revenue category over 10% of the total SRE revenues were compared to budget estimate amounts. There was no major SRE revenue category that had a budget to actual variance greater than +/- 10%

Expenses

Amounts for each major SRE expense category over 10% of the total SRE expenses were compared to budget estimate amounts. There was no major SRE expense category that had a budget to actual variance greater than +/- 10%



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**APPENDIX F
PRIOR PERIOD COMPARISON OF MAJOR REVENUE AND EXPENSE CATEGORIES**

Revenues

Amounts for each major SRE revenue category over 10% of the total SRE revenues were compared to prior period amounts. Only direct institutional support had an actual to actual variance greater than +/- 10%. An understanding for the variance was obtained from the Athletic Department. The variance explanation below appears reasonable.

Category	FY 2018 SRE	FY 2017 SRE	Variance	Percent Variance	Variance Explanation
Direct Institutional Support	\$6,353,168.95	\$5,760,62.00	\$592,540.95	10.3%	Increase in direct institutional support provided by the university due to projected increase in operating expenses, including ESPN+ responsibility of \$500,000, and a projected increase in operating deficit for FY2019

Expenses

Amounts for each major SRE expense category over 10% of the total SRE expenses were compared to prior period amounts. There was no major SRE expense category over 10% of total expenses that had an actual to actual variance greater than +/- 10%.